REMARKS

Claims 1-64 are pending in the application. By this paper, claims 1, 5, 17, 18, 29, 41, 46, 51, 54, 56 and 59 have been amended and claim 65 has been cancelled. Reconsideration and allowance of claims 1-64 are respectfully requested.

Prior art rejections

Claims 1-13, 15, 16, 18, 19, 21, 23-39, 41-43, 45-49 and 51-65 stand rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. patent number 5,867,799 to Lang, et al. ("Lang"). Claims 14, 17, 20, 40, 44, 50 under 35 U.S.C. § 103(a) as being unpatentable over Lang in combination with various references, including U.S. patent number 6,078,866 to Buck. Claims 1, 5, 17, 18, 29, 41, 46, 51, 54, 56 and 59 have been amended. Reconsideration of claims 1-64 and withdrawal of the prior art rejections of these claims is respectfully requested.

Introduction

The present invention relates to a method and apparatus for making search term recommendations to a web site promoter or advertiser in a *pay for placement market system* such as is described in conjunction with FIGS. 1-9 of the present application. The method for making search term recommendations is particularly described in conjunction with figures 10-20 of the application. Two particular techniques for identifying search terms to recommend are spidering (see, e.g., FIG. 11) and collaborative filtering (see, e.g., FIG. 12).

A pay for placement market system as described in the present application includes a database of search listings (such as databases 38, 40, of the present application). Stored on the database is a plurality of search listings such as search listing 344. Advertisers who wish to display their search listings to users of the database enter and maintain search listings in the database. Each advertiser specifies a "keyword" or search term that is compared with a search term received by the database as part of a search query from a user. If the advertiser's search listing includes the search term, information from the advertiser's search listing is returned to the user with other search results that matched the search query. The advertiser pays a money

amount (sometimes referred to as a bid or bid amount) to the operator of the pay for placement market system upon occurrence of a predetermined event, such as selection ("clickthrough") by the user.

In the pay for placement marketplace, the advertisers can control the positioning of their search listings in the search results. This is done by adjusting the bid amount of a search listing. The search listing can include a number of components or fields, including the keyword or search term (352) and bid amount (358). When a search query is received, the search results that match the query are ordered according to bid amount, so that the search listings with the highest bid amounts appear highest in the search result list, where they are most likely to be seen by the user. By adjusting the bid amount of his search listing in relation to the bid amounts of other advertisers in the pay for placement marketplace system, the advertiser can control where in the search result list his search listing will appear. If a searcher clicks on the advertiser's search listing, his account with the marketplace operator is chargeable by a money amount corresponding to the bid amount for the search listing. Thus, the advertiser "pays for placement" of his advertisement or search listing.

The Lang reference

Lang is completely unrelated to a pay for placement marketplace. Lang actually relates to information filtering in a computer system receiving a data stream from a computer network. Entities of information relevant to a user, called "informons," are extracted from the data stream. Column 6, line 66 – column 7, line 4. Lang does not disclose any features of a pay for placement marketplace, such as advertisers, bid amounts, search listings, etc.

Accordingly, independent claims 1, 5, 18, 29, 41, 46, 51, 54, 56 and 59 have been amended to distinguish the invention defined by these claims over the disclosure of Lang. For example, claim 1 recites "receiving a list of search terms associated with an advertiser on the database search system, *the database search system including a database having stored therein a plurality of search listings which are associated with an advertiser, at least one search term, a money amount, and a computer network location*" *(emphasis added)*. Lang does not relate to such a database search system, which is necessarily segmented into separate search listings. Instead, Lang deals with a "data stream from a computer network" (column 7, line 1). As

another example, claim 46 has been amended to recite "a method for recommending search terms," including "receiving information describing an advertiser who maintains search listings in the pay for placement market system." The invention defined by this claim is thus limited to a method in a pay for placement market system, as that term is used in the present application.

Thus, Lang fails to disclose all the elements of independent claims 1, 5, 18, 29, 41, 46, 51, 54, 56 and 59, as amended. Accordingly, the rejection under 35 U.S.C. § 102(b) of claims 1-13, 15, 16, 18, 19, 21, 23-39, 41-43, 45-49 and 51-65 may not be maintained. Moreover, the prior art of record, including Lang, fails to provide any suggestion or motivation for modifying or extending the disclosure of this reference to a pay for placement system. Accordingly, withdrawal of the prior art rejections of claims 1-64 is respectfully requested.

The Buck reference

While Lang fails to show, describe or suggest a pay for placement marketplace system or any of its features, it is respectfully submitted that Buck discloses one type of online marketplace system. Buck discloses a system in which "subscribers pay a monetary amount of their own choosing as a subscription fee to list a site with the listing service for a defined subscription period. The higher the amount paid for a given subscription period in relation to other listers, the higher the site's ranking on the service's search reports." Buck, column 4, lines 13-18. Thus, unlike the method and apparatus of amended claims 1-64 which relate to a pay for placement system relying on bid amounts chargeable to the system operator for an event such as a clickthrough, Buck instead discloses a subscription service. Moreover, Buck fails to disclose the additional features of recommending additional search terms based on other advertisers' terms, or other distinguishing limitations of the claims. Buck fails to suggest that these features could be added to the system disclosed therein.

Accordingly, a determination that claims 1-64 are patentable over the prior art of record is respectfully solicited.

Rejection under 35 U.S.C. § 101

Claims 1-4, 5-9, 41-45, 46-50, 59, 64 and 65 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. According to the office action, these claims are

not directed to functional descriptive material on a computer-readable medium such that use of technology permits the function of the descriptive material to be realized.

Reconsideration of this rejection is respectfully requested. The U.S. Patent & Trademark Office's Examination Guidelines for Computer-Related Inventions provide that computer-related process claims, to be statutory, must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the technological arts. MPEP § 2106(IV)(B)(2)(b). The Guidelines list two safe harbors under (A) above: (1) independent physical acts, and (2) manipulation of data representing physical objects or activities. Id. at § 2106(IV)(B)(2)(b)(i).

Under the first safe harbor provision, a process is statutory if it requires physical acts to be performed outside the computer independent of and following the steps to be performed by a programmed computer, where those acts involve the manipulation of tangible physical objects and result in the object having a different physical attribute or structure. Thus, if a process claim includes one or more post-computer process steps that result in a physical transformation outside the computer (beyond merely conveying the direct result of the computer operation), the claim is clearly statutory. Under the second safe harbor provision, a process is statutory if it requires the measurements of physical objects or activities to be transformed outside of the computer into computer data, where the data comprises signals corresponding to physical objects or activities external to the computer system, and where the process causes a physical transformation of the signals which are intangible representations of the physical objects or activities.

It is respectfully submitted that at least some of the rejected claims fall within the first safe harbor provision. For example, claims 1, 5 and 59 recite recommending search terms and claim 41 recites 'generating a list of additional related search terms." Claim 46 similarly recites "recommending search terms." This is done, for example, in claim 1, after the computer-process steps of "determining candidate search terms based on search terms of other advertisers." Thus, the invention in accordance with the invention defined by these claims, a physical transformation implicitly occurs as the raw data defining the search term for internal processing by the computer is transformed to a format meaningful and useful to an advertiser, such as text or graphical

material on a screen, HTML information conveyed over a network to the advertiser's computer, a printout or formatted electronic mail message, etc.

In regard to (B) above, if the claim produces a useful, concrete, and tangible result, the claim is limited to a practical application, and is therefore statutory. MPEP § 2106(IV)(B)(2)(b)(ii). Thus, claims 1, 5 and 59 recite recommending additional search terms to an advertiser. Similarly, claim 41 recites "generating a list of additional related search terms" and claim 46 recites "recommending search terms." The resulting search terms produced by the computer system are tangible and concrete as portions of text or words meaningful to the advertiser.

Accordingly, it is respectfully submitted that independent claims 1, 5, 41, 46 and 59 each define statutory subject matter as required by 35 U.S.C. § 101. The recitations of these claims fall within the PTO's guidelines for computer-related inventions. Withdrawal of the rejection of claims 1-4, 5-9, 41-45, 46-50, 59 and 64 is requested.

Claim rejections under 35 U.S.C. § 112

Claim 22 stands rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter regarded as the invention. The office action asserts that "code to receive accept and reject indications from the advertiser" is unclear.

Claim 22 has been amended to correct the noted deficiency. Claim 22 as amended recites "code to receive accept indications or reject indications from the advertiser," making clear that accept indications or reject indications may be received (or both, at different times) from the advertiser. Claim 22 has also been amended by changing its dependency from claim 18 to claim 22 to obviate another antecedent basis deficiency noted during review of the application. Accordingly, withdrawal of the 35 U.S.C. § 112 rejection of claim 22 is respectfully requested.

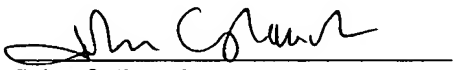
Claim Objections

Claim 1 stands objected to for informal reasons. The examiner has required deletion of the word "the" from the recitation "recommending the additional search terms..." Claim 65 stands objected to as being a substantial duplicate of claim 64.

By this paper, claim 1 has been amended as required by the examiner and claim 65 has been cancelled. Withdrawal of the objections to these claims is respectfully requested.

With this response, the application is believed to be in condition for allowance. Should the examiner deem a telephone conference to be of assistance in advancing the application to allowance, the examiner is invited to call the undersigned attorney at the telephone number below.

Respectfully submitted,



John G. Rauch
Registration No. 37,218
Attorney for Applicant

August 2, 2004
BRINKS HOFER GILSON & LIONE
P.O. BOX 10395
CHICAGO, ILLINOIS 60610
(312) 321-4200